

March 13th, 2023

The Honorable Richard D. Roth  
Chair of Senate Business, Professions and Economic Development Committee  
Legislative Office Building  
1021 O Street, Room 3320  
Sacramento, CA 95814

## Re: Social Equity Panel Background

Dear Senate Business, Professions & Economic Development Committee, as collective voices for Social Equity, we have prepared this document to orient you to issues concerning cannabis social equity in advance of the March 13, 2023, Cannabis Oversight Hearing.

The War on Drugs arose from a broad set of intentionally racist drug enforcement policies, including cannabis prohibition. In addition to creating wide racial disparities in the criminal justice system, cannabis prohibition also continues to cause great economic harm to Black communities, even in jurisdictions that have since legalized cannabis.

In 2016 Black people in California were nearly four times more likely to be arrested for cannabis than their white peers. Ironically that same year California passed Proposition 64, legalizing adult cannabis use. Despite legalization, a new drug war is disproportionately harming Black people, as Black-owned businesses are not given what they were promised, an equitable opportunity to enter the cannabis industry.

With the support of data from disparity studies, the state of California has largely acknowledged the harm inflicted on communities of color, particularly Black communities by cannabis prohibition. In response to these disparity studies, the California Cannabis Equity Act of 2018 authorized municipalities across the state to provide funding for technical assistance, an expedited licensing process, and other benefits for cannabis operators who have been harmed by cannabis prohibition, referred to as “social equity operators/ applicants.”

Despite the Cannabis Equity Act citing an intended goal of creating diversity within the cannabis industry by reducing barriers to entry, and specifically providing opportunities to criminal justice-impacted individuals and their communities, funds distributed under the Act have proven to be unsuccessful in accomplishing these goals.

While over \$50 million in grant funds have been allocated to local jurisdictions under the California Cannabis Equity Act, data and operator testimonies indicate that operators are not seeing the funds disbursed down to programs in a timely manner. There is no statewide database of the success of these programs, with some of the counties hardly having any available data at all.

### Some of the biggest issues we'd like to discuss with you today include:

- The urgent need for social equity operators to have access to provisional licensing for up to five years, allowing the business to be operational and earn revenue while working to fulfill the more complex requirements of a full annual license.
- The dire need for a comprehensive statewide “social equity” definition that is not tied to a specific program, so that regulators can implement all statewide provisions pertaining to equity with clear guidance on eligibility.
- The need to create a more streamlined way for operators to receive subsidies allocated by the state.
- The need to collect the following types of data
  - Data to evaluate the success or failure of cannabis licensure programs including data comparing the overall health of the cannabis industry in comparison to social equity operators and data regarding the implementation of social programming.
  - Data related to historic cannabis law enforcement activity and outcomes in urban and rural areas to help understand qualifying criteria for communities who have been disproportionately impacted
  - A state-wide assessment of the impacts of cannabis prohibition and the war on drugs in California.

